

Message Text

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14

ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 /018 W

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P 210845Z JUL 76

FM AMEMBASSY RABAT

TO SECSTATE WASHDC PRIORITY 9238

UNCLAS RABAT 3904

E.O. 11652: N/A

TAGS: BENC MO

SUBJECT: NADOR STEEL COMPLEX

REF: (A) STATE 178523; (B) STATE 145156

DEPARTMENT ALSO PASS USDOC/BK/CAGNE

1. EMBASSY HAS CONTACTED SONASID ABOUT FERGUSON PROBLEM RE DELAYED BID ON CONTINUOUS CASTING PLANT FOR STEEL COMPLEX. SONASID HAS AGREED ACCEPT FERGUSON BID ON BASIS OF TELEXED PORTIONS IF DETAILED OFFER RECEIVED BY JULY 23, I.E., BEFORE BIDS PROCESSED.

2. REGARDING DATES MENTIONED REF (A), RABAT 2532 REPORTED PREQUALIFICATION CLOSING DATE OF MAY 31 FOR ALL FIVE PROJECTS CONSTITUTING STEEL COMPLEX. PREQUALIFICATION INVITATION UNDERSTOOD TO HAVE BEEN PUBLISHED U.S. PRESS. IN ANY EVENT, SIXTEEN U.S. FIRMS HAVE PREQUALIFIED. REF (A) DATES ARE THUS NOT PREQUALIFICATION DATES BUT BIDDING DATES. THESE HAVE NOT BEEN PUBLISHED, BUT WERE NOTIFIED DIRECTLY TO PREQUALIFIED BIDDERS. FERGUSON PRESUMABLY HAD SAME NOTICE AS OTHER PREQUALIFIED BIDDERS, WITH OPPORTUNITY TO PREPARE BASIC BID DATA WELL IN ADVANCE INASMUCH AS SONASID LET IT BE KNOWN BID DATES FOR SUB-PROJECTS WOULD BE STAGGERED ONCE PRESELECTION COMPLETED. BID DEADLINE FOR A-1, A-2 AND A-3 WAS JULY 3; JULY 17 FOR A-4 AND A-5.

3. RE REPLY TO REF (B), WE HAD DELIVERED LIST OF ESSEN-
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TIAL QUESTIONS TO SONASID DIRECTOR GENERAL AS AIDE

MEMOIRE TO PERMIT CAREFUL STUDY AND RESPONSE. ANSWERS
HAD BEEN RECEIVED AND IN PROCESS TRANSLATION FOR ONCWARD
TRANSMISSION WHEN STATE 178523 RECEIVED. TRANSLATION
SONASID REPLIES TO POINTS RRAISED FOLLOWS (ARTICLES
AND UNESSENTIAL WORDS OMITTED): BEGIN TEXT: I REFER
TO YOUR COMMUNICATION OF JUNE 18, 1976. (PARA)
ACCORDING USDOC IT APPEARS AMERICAN SUPPLIERS ARE
RELUCTANT TO SUBMIT OFFERS IN RESPONSE TO OUR CALLS
FOR BIDS, WITHIN PROCEDURES ESTABLISHED BY THE IBRD,
MORE PARTICULARLY: SYSTEM KNOWN AS QUOTE TWO-ENVELOPE
END QUOTE; JOINT LUMP SUM BIDS, WITH POSSIBILITY OF
REVISION OF PRICES ON BASIS OF PRE-ESTABLISHED FORMULA;
PREFERENCE MARGIN FOR BENEFIT LOCAL ENTERPRISES.
THIS SYSTEM SAID TO BE MORE EXPENSIVE AND LESS COMPETITIVE.
(PARA) AMERICAN BIDDERS WOULD PREFER MORE OPEN SYSTEM
PERMITTING NEGOTIATIONS BASED ON TECHNICAL QUALIFICATIONS
OF THE BIDDER, AND OFFERS BASED ON ACTUAL COST PLUS FEES
(COST PLUS FEE). WE HAVE CONSIDERED USING THIS SYSTEM
WHICH IS THEORETICALLY MORE INTERESTING, BUT WE ABANDONED
IDEA BECAUSE OF LARGE SCALE OF PROJECT, AND FAR-REACHING
CONTROL AND FOLLOW-UP REQUIREMENTS WHICH SUCH A SYSTEM
WOULD NECESSITATE. (PARA) THIS IS WHY WE HAVE ASKED
SUPPLIERS TO MAKE ADDITIONAL EFFORT, SIMILAR TO WHAT WAS
DONE IN BRAZIL AND IN MEXICO. MOST FIRMS APPROACHED IN
THIS CONTEXY ARE SATISFIED WITH OUR APPROACH. (PARA)
CONCERNING PARTICIPATION OF THE IBRD, I WOULD LIKE TO LET
YOU KNOW, FOR YOUR OWN INFORMATION, THAT IS WAS REQUESTED
BY MOROCCAN AUTHORITIES BECAUSE THIS ORGANIZATION HAS
ALREADY A WIDE EXPERIENCE IN THE FIELD OF STEEL-MAKING
AND WILL EXTEND VALUABLE ASSISTANCE. THIS PARTICIPATION
WILL BE COMPLEMENTARY TO BILATERAL FINANCING (WHICH IS
EXPECTED TO BE IMPORTANT, TAKING INTO CONSIDERATION THE
LARGE QUANTITIES OF EQUIPMENT WHICH WILL BE IMPORTED),
AS WELL AS SONASID'S CAPITAL OUTLAYS. (PARA) FINALLY,
AND CONTRARY TO WHAT HAPPENED IN BRAZIL, THE CAPABILITIES
OF MOROCCAN FIRMS AS COMPARED TO MAGNITUDE OF PROJECT,
WILL PERMIT THEM TO PARTICIPATE ONLY TO A MOST LIMITED
DEGREE, SO THAT LOCAL FIRMS CANNOT BE CONSIDERED SERIOUS
COMPETITION TO AMERICAN SUPPLIERS. WITH THIS FACT IN
MIND, PREFERENCE MARGIN FOR LOCAL ENTERPRISES IS BELIEVED
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TO BE A MINOR PROBLEM. (PARA) HOPING I HAVE ANSWERED
SATISFACTORILY ALL YOUR QUESTIONS, I REMAIN. SINCERELY
YOURS, LARBI MOULINE, DIRECTEUR GENERAL. END TEXT.MOFFAT

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